

EC.

I N T E R O F F I C E M E M O R A N D U M
C O R M T S A L L - I N - 1 S Y S T E M

Date: 25-Apr-1989 09:44am EDT
From: Ken Olsen
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Dept: Administration
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TO: See Below

Subject: A RADICAL APPROACH TO SMALL BUSINESS

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I am going to propose that Digital start a completely new business, separate from the rest of the Company from a financial point of view, and run as if it were a division.

The traditional view Digital has on small business is that it is simply a channels problem which translates into "we don't take care of details, we let the OEMs, the distributors, and the partners take whatever we have and fill in the rest to do a job for the small customer." My approach is that we, first of all, solve the problem in detail for hardware, software, consulting, and education, and then we decide what channels we will use.

Secondly, I propose that we limit the market A normal approach is to try to solve everybody's problem both technical and emotional. The market is so big that this is a frustrating and impossible task.

I propose that we limit the market to those customers who know they have to spend 3 percent of their yearly NOR on computing and that only 1/3 of this is hardware and 2/3 is software and consulting.

I propose that we limit our business to those people who have had experience and know that they can't solve their problem with a \$4,000 PC, and they clearly see what business problems they want to solve. I want to have nothing to do with those who just fall in love with PCs and have no understanding of their own business.

I'd like to limit our approach for some time to just VMS because we have so much experience and other people have so much software in this system.

I propose that we sell simple, time-shared systems that will use dumb terminals, PCs, and workstations.

Our normal belief is that we have to go through a huge program to gain all the kinds of applications that are strange and different to Digital. I propose that we probably have all the software we need and some of it is exceedingly good. I'd like to call a Little Brown House half-day WOODS meeting soon to go over the software and application needs and resources we have. I'd like Pete Smith to send someone who can tell us what we have that is directly applicable to small business in the area of word processing, mail, accounting, and desktop publishing. In addition, what software do we have or can we have that will do manufacturing and inventory problems for a small company?

For the scientific company, what can we do to help in their laboratory work? For the engineering company, the architect, the town maintenance department, and the factory maintenance department, what do we have to offer them in the area of CAD? What can we offer companies who are challenged by their customers to use EDI?

I'd like Jay Atlas to come and explain what he has available in software and application, from his customers, that we could offer as part of our program. I'd like Don Busiek to come with a list of all the software and applications which software services has already done for a myriad of customers. I'd like Eli Lipcon to come and explain what we can have available from our partners. I'd like Henry Crouse to tell us about the part of cash registers in small business, both in retail and other operations and how many small businesses have a cash register operation, even though they are not considered retail operations. I would like him to tell us what software and application is available. There are lumber yards, auto part stores, small manufacturers, health clubs, and a number of other things run with VMS and that use a cash register.

I happen to have Thursday, April 27th, morning or afternoon free. If we can have a preliminary meeting at that time, it would be very convenient for me.

This won't be a hardware meeting. We would like to assume that the software will drive the hardware and not vice versa.

Back in the DECmate days, we had some great business packages. The customers loved us. We had a particularly good construction company package. Unfortunately, the group was overrun with overhead people who, as problems developed in software like they always will, withdrew packages rather than solving them and improving the packages. In time, we had a great market potential but no product.

KHO:dao
KO:2924
DICTATED ON 4/23/89, BUT NOT READ



You are not required to attend. I checked w/ Abbott.
H
4/26

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